

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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In Re: : Case No. 05-44481  
:  
DELPHI CORPORATION :  
:  
: June 5, 2006  
:  
Debtor. : One Bowling Green  
-----X New York, New York

TRANSCRIPT OF CONTINUED MOTION ON  
SECTION 1113 AND 1114 MOTION  
BEFORE THE HONORABLE ROBERT D. DRAIN  
UNITED STATES BANKRUPTCY JUDGE

APPEARANCES:

For the Debtor: JOHN WILLIAM BUTLER, JR., ESQ.  
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UNITED STATES BANKRUPTCY COURT  
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For the UAW:

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For the Ad Hoc Committee of  
Equity Holders:

DOUGLAS BAUNSTEIN, ESQ.

For the Official Committee  
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Delphi:

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For Ad Hoc Committee of  
Equity Holders:

GLENN KURTZ, ESQ.

Court Transcriber:

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1 (Proceedings began at 10:37 a.m.)

2 THE COURT: Please be seated. All right. Delphi  
3 Corporation.

4 MR. BUTLER: Your Honor, good morning. Jack  
5 Butler from the law firm of Skadden, Arps, Slate, Meagher &  
6 Flom, LLP., sitting with our co-counsel, Omelvany, Meyers [Ph.]  
7 and the Groom [Ph.] law group here for the continuation of the  
8 debtor's Section 1113, 1114 motion.

9 Your Honor, on Friday -- at Friday's hearing we  
10 indicated to the Court -- we ended midafternoon -- that there  
11 were going to be discussions on the other side of the dual  
12 track over the course of the weekend. Those discussions, in  
13 fact, began and are continuing. They have been constructive.  
14 And it is, I think, the consensual view of the parties that as  
15 we continue to balance this dual track that it would be in the  
16 best interests of the estate and the parties if we did not go  
17 forward with the union case today, but rather with the Court's  
18 indulgence reschedule today's hearing for Friday, June 9th, at  
19 9:00 a.m. and which will give the parties opportunities to  
20 continue to have discussions.

21 That also permits us to conduct meetings of the  
22 debtor's board of directors this week that are scheduled for  
23 Tuesday and Wednesday and meetings of our official committees.  
24 Both the equity committee and Creditors' Committee are  
25 scheduled to meet with the debtors on Thursday. And that would

1 allow us, we think, to make progress on the dual track. And it  
2 has been a long weekend for many of us and as we have balanced  
3 the -- all of the factors, we've come to the Court and  
4 indicate -- and want to indicate that we think the dual track  
5 is enhanced by not going forward, at least at today's hearing.

6 We also, Your Honor, have consulted with Counsel  
7 for the two unions who had contemplated filing 7052 motions or  
8 at least raising them. We've had discussions as recently as  
9 prior to the commencement of this hearing and have concluded  
10 with Your Honor's permission that those motions would be in  
11 writing, would be filed on June 14th with our response on  
12 June 19th, and that they would be argued not earlier than  
13 June 23rd as it relates -- and those -- the June 23rd is  
14 currently a scheduled hearing date, albeit for another purpose.  
15 We're simply saying not earlier than that date for reasons that  
16 would permit the comp -- the parties to continue to negotiate.

17 THE COURT: Okay. And as I said on Friday with  
18 regard to those motions I would like that relief or request for  
19 relief confined to whether Delphi has complied with the -- what  
20 I view as the four procedural requirements of the 1113(b)(1)  
21 weighing the consideration that if they were for some reasons  
22 reversed on appeal, I would not want to have a whole separate  
23 trial when there would be another trial of the other union  
24 cases going on.

25 And in addition to that, the unusual aspect of

1 Section 1113 that I noted on Friday, which is that during that  
2 trial [inaudible] contemplates bargaining. It just seemed to  
3 me that to have a meaningful [inaudible], in fact, it should be  
4 limited to the procedural requirements, so that's what I'm  
5 looking for.

6 All right. I take it, everyone else being silent,  
7 that this is an agreement. I should say that under 1113(b)(2),  
8 I think I need something in the record by the debtor and the  
9 unions agreeing to the extension of the requirement that the  
10 Court rule on the application for authority to reject within 30  
11 days of the commencement of the trial. Given the number of  
12 unions and the number of issues in this case, and given the  
13 Court's candor, this is -- it may be [inaudible], but in any  
14 event, I can only imagine a trial which both the parties -- all  
15 the parties would take place over at least two weeks of a trial  
16 plan being hopeful within 30 days of its commencement given,  
17 you know, our schedule which is relatively [inaudible] with  
18 Chapter 13s and everything else. So I think we need that,  
19 although I think it's implicit.

20 MR. BUTLER: Your Honor, the debtors -- and I  
21 apologize we didn't mention that because we were also cognizant  
22 this is a week that that -- the week that that day runs, the  
23 debtors are prepared to stipulate in the record at this time  
24 subject to further consideration by the Court and the parties  
25 that the time period be lengthened from 30 to 60 days.

1 THE COURT: All right. I don't know if you had  
2 contemplated this. I just happen to have an extension now  
3 through the 9th and we can talk about that then, but as a  
4 practical matter, it's just not feasible to complete this trial  
5 within 30 days of its commencement even if it were [inaudible]  
6 ruling, even if it were to be able to [inaudible] without  
7 further negotiations --

8 MR. BUTLER: I'm happy -- we had not discussed  
9 this in the meet-and-confer, Your Honor, so you're happy  
10 through the 9th for today?

11 THE COURT: [inaudible] that some way.

12 MR. BUTLER: We'll talk about it during the course  
13 of the week.

14 THE COURT: All right.

15 MR. KENNEDY: Yes, I think the unions wish to go  
16 on record as affirming their agreement with that extension,  
17 Your Honor.

18 THE COURT: Okay. Very well. All right. So I  
19 will see you on the 9th, I hope between now and then your --  
20 you continue to be productive and that maybe this will lead to  
21 either a staged process or get into agreement on important  
22 issues. And I think that's all for the better if you can do  
23 that.

24 MR. BUTLER: Thank you, Your Honor. Can I have  
25 one moment, please?

1 THE COURT: Yes.

2 [Pause in the proceedings.]

3 MR. BUTLER: Your Honor, the question has arisen  
4 and I think it's a fair one to ask that if the parties as a  
5 group believed that a further extension of the hearing date  
6 from Friday to another date would be advisable would it be  
7 possible for us to conduct a chambers conference to that  
8 effect?

9 THE COURT: Yes. But I -- if you agree on  
10 something like that, I think the only issue besides the length  
11 of the extension is really you could rescind reporting  
12 mechanism to help parties focused. We don't happen to have in  
13 camera chambers conference, because I don't want to give --  
14 create more of a litigation background than I need to, and so  
15 I'm certainly available for that type of conference.

16 MR. BUTLER: Thank you, Your Honor. We'll contact  
17 chambers if the need arises for that. We appreciate the  
18 Court's indulgence with the parties' request.

19 THE COURT: Okay.

20 MR. BUTLER: Thank you.

21 (Proceedings concluded at 10:47 a.m.)

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I certify that the foregoing is a court transcript  
from an electronic sound recording of the proceedings in the  
above-entitled matter.

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Ruth Ann Hager

Dated: June 6, 2006